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UNITED STATES PATENT AND TRADEMARK OFFICE

Trademark Trial and Appeal Board

Next Century Restaurants, Inc.
v.
Aqua Grill Inc.

Cancellation No. 29,700

Katherine M. Basile and Erik K. Moller of Howrey Simon
Arnold & White, LLP for Next Century Restaurants, Inc.

Eric Weinstein of Feldman Weinstein LLP for Aqua Grill
Inc.

Before Cissel, Chapman and Holtzman, Administrative
Trademark Judges.

Opinion by Chapman, Administrative Trademark Judge:

Next Century Restaurants, Inc. (a California
corporation) has filed a petition to cancel a
registration on the Principal Register issued to Aqua
Grill Inc. (a New York corporation), for the mark

AQUAGRILL for "restaurant services and catering"¹ in International Class 42.²

Petitioner asserts as grounds for cancellation that it provides restaurant services under its mark AQUA, and has done so since at least as early as September 1991; that as a result of petitioner's "substantial investment in promotion, advertising, and marketing" (paragraphs 4 and 5), general consumers, as well as those in the hotel and food service industries, exclusively associate the mark AQUA with petitioner; that petitioner owns application Serial No. 75/492,563 for the mark shown below



for restaurant services, which has been refused registration based on respondent's involved registration; and that respondent's mark, when used in connection with its services, so resembles petitioner's previously used

¹ Registration No. 2,061,275, issued May 13, 1997, from an application filed on June 4, 1996. The claimed date of first use and first use in commerce is February 22, 1996.

² Informationally, effective January 1, 2002, the involved services would be classified in International Class 43.

mark, as to be likely to cause confusion, mistake, or deception.³

In its answer respondent denied the salient allegations of the petition to cancel, and raised the affirmative defenses of laches, acquiescence, estoppel, and unclean hands.⁴

The record consists of the pleadings; the file of respondent's registration; the affidavit testimony, with exhibits, of Charles Condry, petitioner's chairman and chief executive officer⁵; and petitioner's notice of reliance on the following items: (1) the discovery deposition transcripts, with exhibits, of (i) Jeremy Marshall, respondent's co-owner and chef, (ii) Jennifer Marshall, respondent's co-owner, and (iii) David Grossman, respondent's outside general counsel; (2) respondent's responses to petitioner's first set of interrogatories (including a trademark search document

³ Petitioner's pleading includes a claim that respondent's mark will "dilute the distinctive nature of Petitioner's mark." (Paragraph 14.) To whatever extent, if any, petitioner was asserting a claim of dilution under Sections 14 and 43(c), petitioner did not address the issue at trial or in its brief on the case. Thus, the Board considers this claim was waived by petitioner, and it will not be given further consideration.

⁴ Respondent offered no evidence in this case, and did not argue any affirmative defenses in its one-page brief. Accordingly, respondent's affirmative defenses are waived and will not be given further consideration.

produced by respondent pursuant to Fed. R. Civ. P. 33(d) in lieu of answering petitioner's interrogatory No. 13); (3) photocopies of numerous (about 90) printed publications; and (4) photocopies of certain official records.

Both parties filed briefs on the case. Petitioner requested an oral hearing, but after the Board scheduled a hearing, petitioner filed a stipulated waiver thereof. Therefore, an oral hearing was not held.

Petitioner first began planning its restaurant in 1989, with discussions between Charles Condry and George Morrone, an executive chef; and petitioner's first AQUA restaurant opened in San Francisco, California on September 17, 1991. The idea behind the AQUA restaurant was to be a "New York-style seafood restaurant that was high-end but not pretentious." (Condry affidavit, paragraph 4.) Petitioner has continuously operated this restaurant under the mark AQUA since September 1991.

Petitioner currently owns AQUA restaurants at three locations, specifically, San Francisco, California, Las Vegas, Nevada and Laguna Beach, California; and additional locations are planned. In 1995 petitioner

⁵ On August 27, 2001, the parties filed a stipulation under Trademark Rule 2.123(b) that all trial testimony would be submitted in affidavit form.

held discussions regarding expanding the AQUA restaurants to New York City; and this location remains of interest to petitioner.

The grand opening of petitioner's first AQUA restaurant in San Francisco received considerable publicity; and the restaurant, the design of the restaurant, the chef, and high ratings and various awards won by the restaurant, as well as petitioner's two newer AQUA restaurants, have all received ongoing publicity. The current chef, Michael Mina, has appeared as a celebrity guest chef in numerous events around the country and he has won several awards, including the 1997 James Beard Rising Star Chef Award.

Petitioner's three AQUA restaurants have annual sales of approximately \$22 million, serving 800 dinners and 300 lunches daily. Since 1991, petitioner has spent between \$50,000 and \$100,000 annually on publicity and promotion. Due to its reputation through its AQUA restaurants, petitioner has been invited to participate in numerous wine and food tasting events, as well as numerous charitable events. Petitioner's AQUA restaurants have been reviewed and highlighted in magazines such as Gourmet and Esquire, and newspapers such as the New York Times, and the Los Angeles Times.

Petitioner also owns restaurants operating under other names such as PISCES, CHARLES ON NOB HILL, NOB HILL; and petitioner promotes the AQUA restaurant and brand in association with each of these restaurants, for example, the PISCES restaurant promotes signature dishes developed at the AQUA restaurant.

Petitioner has experienced actual confusion between the involved marks in that occasionally customers have asked Charles Condry if the AQUA restaurants are associated with the AQUAGRILL restaurant in New York. (Affidavit, paragraph 18.)

Mr. Condry also averred that petitioner filed an application to register the mark (AQUA and design); and that the application was rejected by the Examining Attorney based on three prior registrations for restaurant services, each incorporating the word AQUA (AQUA TERRA -- now owned by petitioner; AQUA KNOX -- owner agreed to cease use; and AQUAGRILL -- the subject of this cancellation proceeding).

Respondent began the preliminary publicity for its restaurant in October/November 1995, and on February 22, 1996 its restaurant opened in New York City under the name AQUAGRILL. Since February 1996 respondent has continuously operated this restaurant in New York.

Jeremy Marshall, co-owner, describes his restaurant as "a top seafood restaurant" and "a very select restaurant." (Discovery dep., p. 19.)

Respondent has paid for advertisements only twice, one being in Gourmet magazine, and one being a "paid book" which is left in hotel rooms and is like a "paid guide book." (Jeremy Marshall, discovery dep., pp. 26-27.) Respondent engages in non-paid promotional and marketing activities such as making donations to charities and schools and receiving a listing in a program in return, and providing cooking classes at Macy's department store. Respondent essentially relies on word-of-mouth and press coverage (radio, Internet) of its restaurant. (Jennifer Marshall, discovery dep., pp. 23-24.)

When asked if anyone has ever inquired if their AQUAGRILL restaurant is associated with the AQUA restaurant in San Francisco, both Jeremy Marshall and Jennifer Marshall testified that they had received such inquiries. (Jeremy Marshall dep., pp. 36-37; Jennifer Marshall dep., p. 31.) Mr. Marshall stated that he assumed this happened on more than one occasion. (Dep., p. 38.)

The record establishes petitioner's standing to bring this petition to cancel, both through petitioner's proof of use of the mark AQUA for restaurant services, and proof of its ownership of a pending application which has been rejected on the basis of the involved registration.

Turning next to the question of priority, this record clearly establishes petitioner's priority of use of its mark AQUA in September 1991 over respondent's use of the mark AQUAGRILL in February 1996.⁶

The remaining issue is that of likelihood of confusion, which we determine based on an analysis of all of the facts in evidence that are relevant to the factors bearing on the issue of likelihood of confusion. In re E. I. du Pont de Nemours & Co., 476 F.2d 1357, 177 USPQ 563 (CCPA 1973). Based on the record before us in this case, we find that confusion is likely.

⁶ Petitioner stated in its brief (p. 12) that respondent admitted the factual allegations which form the basis for petitioner's claim of priority in this case. We disagree with petitioner's characterization that respondent's answer to paragraphs 7-8 of the petition to cancel amounts to an admission of the nature asserted by petitioner. However, the record clearly establishes petitioner's priority of use.

The parties offer identical services, specifically, restaurant services. Obviously, identical services are offered through all the same channels of trade to the same or similar potential purchasers, in this case, the general public.

"When marks would appear on virtually identical goods or services, the degree of similarity necessary to support a conclusion of likely confusion declines."

Century 21 Real Estate Corp. v. Century Life of America, 970 F.2d 874, 23 USPQ2d 1698, 1700 (Fed. Cir. 1992).

We turn next to consideration of the similarities or dissimilarities of the marks. Our primary reviewing court has held that in articulating reasons for reaching a conclusion on the question of likelihood of confusion, there is nothing improper in stating that, for rational reasons, more or less weight has been given to a particular feature or portion of a mark. That is, one feature of a mark may have more significance than another. See *Cunningham v. Laser Golf Corp.*, 222 F.3d 1307, 55 USPQ2d 1842 (Fed. Cir. 2000); *Sweats Fashions Inc. v. Pannill Knitting Co.*, 833 F.2d 1560, 4 USPQ2d 1793, 1798 (Fed. Cir. 1987); and *In re National Data Corporation*, 753 F.2d 1056, 224 USPQ 749, 752 (Fed. Cir. 1985).

In this case, both petitioner's mark and respondent's mark share the term AQUA. It is generally accepted that when a composite mark incorporates the mark of another for closely related goods or services, the addition of suggestive or descriptive words or other matter is generally insufficient to avoid a likelihood of confusion as to source. See *The Wella Corp. v. California Concept Corp.*, 558 F.2d 1019, 194 USPQ 419 (CCPA 1977). Thus, respondent's addition of the generic word "grill" to its mark does not serve to distinguish these marks.

Moreover, the slight difference between the marks may not be recalled by purchasers seeing the marks at separate times. See *Spoons Restaurants Inc. v. Morrison, Inc.*, 23 USPQ2d 1735 (TTAB 1991), *aff'd unpub'd* (Fed. Cir., June 5, 1992). Even if consumers notice the difference, they may mistakenly believe that respondent's AQUAGRILL restaurant is another of petitioner's "AQUA" restaurants, and indicates origin in a single source.

Thus, when we compare the parties' marks in their entirety we find that they are substantially similar in sound, appearance, connotation and commercial impression. See *In re Azteca Restaurant Enterprises Inc.*, 50 USPQ2d 1209 (TTAB 1999). Their contemporaneous use, in

connection with these identical services, would be likely to cause confusion as to the source or sponsorship of such services. See *Cunningham v. Laser Golf Corp.*, supra; and *In re Dixie Restaurants Inc.*, 105 F.3d 1405, 41 USPQ2d 1531 (Fed. Cir. 1997).

We find based on an evaluation of the above du Pont factors alone that there is a likelihood of confusion. Nevertheless, consideration of the following additional factor further reinforces this finding.

Another du Pont factor we consider in this case is the fame of petitioner's mark.⁷ Petitioner contends that its mark AQUA is famous based on (i) petitioner's use of the mark AQUA for restaurants for over ten years; (ii) annual sales of over \$22 million; and (iii) publicity received from local, national and international media. Petitioner has clearly demonstrated that its mark AQUA is

⁷ Respondent's argument (in its one-page brief on the case) that the Board should not determine whether petitioner's mark has achieved fame is unsupported and unexplained. We consider this factor because relevant evidence in this particular case has been introduced thereon. See *Octocom Systems Inc. v. Houston Computers Services Inc.*, 918 F.2d 937, 16 USPQ2d 1783 (Fed. Cir. 1990).

Respondent's only other argument in its brief is that the Board should not determine the geographic scope of petitioner's rights because this is not a concurrent use proceeding. We agree with respondent's premise that geographic limitations to rights in marks cannot be determined in a cancellation proceeding [see Trademark Rule 2.133(c)], but we disagree with respondent that petitioner seeks any such geographic limitation

a strong and well-known mark in the field of restaurant services. In particular, petitioner opened its first restaurant over ten years ago; petitioner has grown and expanded, now operating three restaurants under the mark AQUA; and petitioner has achieved significant annual sales from its AQUA restaurants. In addition, petitioner also introduced numerous media stories and restaurant reviews published about petitioner's AQUA restaurants. Having carefully reviewed the evidence, although we are reluctant to treat petitioner's pleaded common law mark as "famous" on the record before us, we do not hesitate to find that petitioner's mark AQUA is a well-known mark for restaurant services, and is therefore entitled to a broader scope of protection. See *Cunningham v. Laser Golf Corp.*, supra; and *Henry Siegel Co. v. M & R International Mfg. Co.*, 4 USPQ2d 1154, 1161 (TTAB 1987).

Finally, with regard to the du Pont factor of actual confusion, both respondent co-owners testified during discovery that they were aware of inquiries from customers about whether their AQUAGRILL restaurant in New York City was associated with the AQUA restaurant in San Francisco. Likewise, petitioner's chairman and CEO averred that he has occasionally been asked whether

herein. To the contrary, petitioner seeks to cancel

petitioner's AQUA restaurants are associated with the AQUAGRILL restaurant in New York City. While there is no specific information directly from the customers about these instances of confusion, we find it probative that customers have inquired in each party's restaurant regarding an association with the other party's restaurant.

Based upon consideration of the evidence and weighing all relevant du Pont factors, we find that because the parties' marks are similar; petitioner's mark is well-known in the field of restaurant services; the parties' services are identical; the trade channels and purchasers of the respective services are the same; and noting that there has been some level of actual confusion; there is a likelihood that the purchasing public will be confused regarding respondent's use of the mark AQUAGRILL for its restaurant services.

Decision: The petition to cancel is granted, and Registration No. 2,061,275 will be cancelled in due course.

respondent's unrestricted registration.